



January 14, 2015

Washington Bible College
6511 Princess Garden Parkway
Lanham, MD 20706
Attn: Dr. Neil Holliker

UPS Tracking:
1Z A87 964 01 9654 5780

RE: **Final Program Review Determination – Closed School Loan Discharges**
OPE ID: 00146200
PRCN: 201430328612
Closure Date: January 22, 2013

Dear Dr. Holliker:

The U.S. Department of Education's (Department's) School Participation Team - Philadelphia issued a program review report on June 17, 2014 covering Washington Bible College's (WBC) administration of programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). Attached is a copy of the program review report and related attachments. The Department has made final determinations based on information obtained during the program review. This Final Program Review Determination (FPRD) and related attachments may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Every institution that executes a Program Participation Agreement with the Department agrees that it will comply with all statutory provisions of or applicable to Title IV of the HEA and all applicable regulatory provisions prescribed under that statutory authority. 34 C.F.R. § 668.14(b). Among the provisions applicable to institutions that close are statutory and regulatory provisions relating to the Secretary's claim for restitution on discharged Title IV, HEA loans.

The Department's records indicate that WBC, located in Lanham, MD closed on January 22, 2013. After WBC's closure, some students who received Title IV, HEA loan funds for attendance at WBC filed claims for discharge of their Title IV, HEA loans due to WBC's closure.

Purpose:

A final determination has been made concerning the finding of the off-site program review. The purpose of this letter is to: (1) identify liabilities resulting from the finding of the program review, (2) provide instructions for payment of liabilities to the Department, (3) notify Washington Bible College of its right to appeal, and (4) close the review.

The total liabilities identified from this program review are \$ 68,370.00. This FPRD contains detailed information about the liability determination for its finding.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the appendices were encrypted and sent separately to the institution via e-mail.

Appeal Procedures:

This constitutes the Department's final determination with respect to the financial liabilities identified during the off-site program review conducted April 21, 2014 through April 25, 2014. If WBC wishes to appeal to the Secretary for a review of the financial liabilities established by the FPRD, WBC must file a written request for an administrative hearing. The Department must receive the request no later than 45 days from the date WBC receives this final determination. An original and four copies of the information WBC submits must be attached to the request. The request for an appeal must be sent to:

Ms. Mary E. Gust, Director
Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP3, Room 84F2
Washington, DC 20002-8019

WBC's appeal request must:

- (1) indicate the findings, issues and facts being disputed;
- (2) state the institution's position, together with pertinent facts and reasons supporting its position;
- (3) include all documentation it believes the Department should consider in support of the appeal. An institution may provide detailed liability information from a complete file review to appeal a projected liability amount. Any documents relative to the appeal that include PII data must be redacted except the student's name and last four digits of his / her social security number (please see the attached document, "Protection of Personally Identifiable Information," for instructions on how to mail "hard copy" records containing PII); and
- (4) include a copy of the final program review determination. The program review control number (PRCN) must also accompany the request for review.

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA of 1965, as amended, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to WBC's appeal will be those provided in 34 C.F.R. Part 668, Subpart H.

Record Retention:

Program records relating to the period covered by the off-site program review must be retained until the latter of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. § 668.24(c).

If the institution has any questions regarding this letter, please contact Ms. Carmen L. Austin of my staff at (215) 656-8582. Questions relating to an appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

(b)(6)

Nancy Paula Gifford
Division Director

Enclosures:

Protection of Personally Identifiable Information

Program Review Report (and appendices)

Final Program Review Determination Report (and appendices)

cc: Middle States Commission on Higher Education
MD Maryland Higher Education Commission

Prepared for
Washington Bible College

Federal Student
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OPE ID: 00146200
PRCN: 201430328612

Prepared by:
U.S. Department of Education
Federal Student Aid
School Participation Team - Philadelphia

Final Program Review Determination
January 14, 2015

School Participation Division - Philadelphia
The Wanamaker Building, 100 Penn Square East, Suite 511, Philadelphia, PA 19107
StudentAid.gov

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Appendix B: Institution's Response to the Program Review Report

Appendix C: Cost of Funds for Finding #1

A. Institutional Information

Washington Bible College
6511 Princess Garden Parkway
Lanham, MD 20706-3538

Type: Private, Nonprofit

Highest Level of Offering: Master's Doctoral Degree

Accrediting Agency: Middle States Commission on Higher Education

Current Student Enrollment: 2012-2013

% of Students Receiving Title IV:

Title IV Participation:

2012-2013 Award Years	
Federal Pell Grant	\$70,111.00
Federal Supplemental Educational Opportunity Grant	\$5,400.00
William D. Ford Federal Direct Loan Program	\$829,541.00

Default Rate FFEL/DL:	2011	3.7%
	2010	.9%
	2009	4.7%

B. Scope of Review

The U.S. Department of Education (Department) conducted an off-site program review of Washington Bible College (WBC) from April 21, 2014 to April 25, 2014. The review was conducted by Ms. Carmen L. Austin.

The focus of the review was to determine WBC's liability for the discharge of William D. Ford Federal Direct Loans due to WBC's closure on January 22, 2013. The review consisted of an examination of former WBC student records in the National Student Loan Data System (NSLDS). NSLDS data includes applications for discharges filed by students who were unable to complete their programs due to WBC's closure.

Disclaimer:

Often school liabilities continue to accrue following resolutions of any close-out audit or program review issues. For example, borrowers may in the future submit additional successful applications for closed schools discharges of the Title IV, HEA loans taken out to permit students to attend WBC. If that occurs, the Department will use the program review process to recover those liabilities from WBC at that time. Neither the Department's issuance of this letter, nor payment by WBC of the liabilities identified, in any way waives the Department's right to require payment of liabilities either existing now but unknown to the Department, or accruing in the future.

C. Finding and Final Determinations

The program review report finding is summarized below. At the conclusion of the finding is a summary of WBC's response to the finding, and the Department's final determination for that finding. The Department's final determination is below. A copy of the program review report issued on June 17, 2014 is attached as Appendix A.

Note: Any additional costs to the Department, including interest, special allowances, cost of funds, unearned administrative cost allowance, etc., are not attributed to individual findings, but are included in a summary listing at the end of the report.

Finding #1: Liability for Loan Discharges Due to Institution's Closures

Citation Summary: The Secretary reimburses the holder of a loan received by a borrower on or after January 1, 1986, and discharges the borrower's obligation with respect to the loan in accordance with the provisions of paragraph (d) of this section, if the borrower (or the student for whom a parent received a PLUS loan) could not complete the program of study for which the loan was intended because the school at which the borrower (or student) was enrolled, closed, or the borrower (or student) withdrew from the school not more than 120 days prior to the date the school closed. This 120-day period may be extended if the Secretary determines that exceptional circumstances related to a school's closing would justify an extension. 34 C.F.R. § 682.402(d)(1)(i).

A school's closure date is the date that the school ceases to provide educational instruction in all programs, as determined by the Secretary. The term "borrower" includes all endorsers on a loan; and a "school" means a school's main campus or any location or branch of the main campus, regardless of whether the school or its location or branch is considered eligible. 34 C.F.R. § 682.402(d)(1)(ii).

Furthermore, a borrower qualifies for loan discharges if the borrower did not complete the educational program at that school because the school closed while the student was enrolled, did not complete the program of study through a teach-out at another school, or by transferring academic credits or hours earned at the closed school to another school; 34 C.F.R. § 682.402(d)(3)(ii)(B)&(C).

WBC'S Noncompliance Summary: WBC closed on January 22, 2013; consequently, WBC loss their eligibility to participate in Title IV Programs.

As a result of the closure, some students did not complete their program of study. Specifically, NSLDS shows that 15 students applied for a discharge of their William D. Ford Federal Direct Loans. These applications were approved after each student certified that he or she did not complete their program of study because of WBC's closure on January 22, 2013.

The direct cost to the Department for the closed school loan discharges is \$68,350, an amount that WBC must return to the Department. WBC is further liable for the imputed interest on the cost of the discharge amounts paid by the Department. Appendix A identifies the students for whose closed school discharges were paid by the Department, the date of the payment, and the amount of the payment.

After its closure, WBC did submit the required close-out audit (ACN 03-2013-41930) to the Department on December 16, 2013. This close-out audit did not contain any findings, and the Final Audit Determination (FAD), issued by the Department, did not establish a liability for any William D. Federal Direct Loan discharges as a result of WBC's closure.

WBC'S Response Summary: In its response submitted on July 29, 2014, WBC did not agree with the amount of closed school loan discharges for five students noted in the program review report. WBC noted that as a part of the approval process, on January 2013, Lancaster Bible College (LBC) submitted teach out plans to educational authorities in the State of Maryland and accrediting authorities in the Association of Biblical Higher Education to provide all students the opportunity to complete their programs of study.

In addition, WBC conducted an internal review and provided academic transcripts for the five students who were formerly enrolled at WBC prior to its closure. As a result of the internal review, WBC stated that the institution found no reason why these students could not continue their degree at Lancaster Bible College, which offers the student's degree program of study. WBC's response is included as Appendix B.

Final Determination:

The Department reviewed WBC's response and the transcripts provided for the five students who applied for closed school loan discharges. Under Federal Regulations, students are eligible to apply for closed school loan discharges and to be granted loan discharges because the school at which they were enrolled closed, and the five students did not complete their program of study. Although, teach-out plans were submitted through Lancaster Bible College, as a means for these students to complete their program of study, the students did not complete their program of study through the teach-out at Lancaster Bible College. The five students did not complete their program of study for which their loans were intended because the school at which the borrower or student was attending closed.

As a result, the Department has determined that WBC is liable for the \$68,350 paid to discharge loans for students who did not complete their programs of study due to WBC's closure as well as \$ 320.00 in imputed interest calculated after the loan discharge payment by the Department through June 17, 2014. Appendix A sets forth the identity of the borrowers' whose loans were discharged, identification of the loans discharged, and the total amounts paid by the Secretary for the discharge of each loan.

Instructions for payment are set forth in the Payment Instructions section of this Final Program Review Determination.

D. Summary of Liabilities

Description of Liability	Payable to	Amount
Total Amount of Closed School Loan Discharges	Department	\$68,350.00
Imputed Interest	Department	\$320.00
Total Liability		\$68,670.00
Escrow Amount on File		\$359,000.00
Minus – Total Liability		\$68,670.00
Total Amount of Refunded	The Institution	\$290,330.00

E. Payment Instructions

Liabilities Owed to the Department:

WBC owes to the Department \$ 68,670.00. Payment will be made via offset of the \$359,000 LOC the Department has on file for the institution. The offset will be made through the Department's Accounts Receivable Office within 45 days of the date of this letter:

Description of Liability	Payable to	Amount
Total Amount of Closed School Loan Discharges	Department	\$68,350.00
Imputed Interest	Department	\$320.00
Total Liability		\$68,670.00
Escrow Amount on File		\$359,000.00
Minus – Total Liability		\$68,670.00
Total Amount of Refunded	The Institution	\$290,330.00

The following identification data will be provided to the Accounts Receivable Office with a request to offset the payment:

Amount: \$68,670.00
DUNS: 072639925
TIN: 53017458
PRCN: 201430328612

Terms of Payment

As a result of this final determination, the Department has created a receivable for this liability and payment must be received by the Department within **45 days of the date of this letter**. If payment is not received within the 45-day period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. WBC is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, please contact the Department's Accounts Receivable Group at (202) 245-8080 and ask to speak to WBC account representative.

If full payment cannot be made within 45 days of the date of this letter, contact the Department's Accounts Receivable Group to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

U.S. Department of Education
OCFO Financial Management Operations
Accounts Receivable Group
550 12th Street, S.W., Room 6111
Washington, DC 20202-4461
Attn: Nancy I. Hoglund

If within 45 days of the date of this letter, WBC has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due WBC from the Federal Government. WBC **may object to the collection by offset only by challenging the existence or amount of the debt**. To challenge the debt, WBC must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided**. If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

F. Appendices

Appendix A, Program Review Report (to include student level detail and Closed School Loan Discharges), Appendix B, Institution's Response to the Program Review Report and Appendix C, Cost of Funds Worksheet. Documentation that contain personally identifiable information, will be emailed to Dr. Neil Holliker (nholliker@bible.edu) as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file(s) will be sent in a separate email.

Final Program Review Determination
PRCN #: 201430328612

Appendix A
Program Review Report



June 17, 2014

Washington Bible College
6511 Princess Garden Parkway
Lanham, MD 20706
Attn: Dr. Neil Holliker

UPS Tracking#:
1ZA879640294241574

RE: **Program Review Report**
OPE ID: 00146200
PRCN: 201430328612

Dear Dr. Holliker:

From April 21, 2014 through April 25, 2014, Ms. Carmen L. Austin conducted a review of Washington Bible College's administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

Findings of noncompliance are referenced to the applicable statutes and regulations and specify the action required to comply with the statute and regulations. Please review the report and respond to each finding, indicating the corrective actions taken by Washington Bible College. The response should include a brief, written narrative for each finding that clearly states Washington Bible College's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, Washington Bible College must provide supporting documentation as required in each finding.

Please note that pursuant to HEA section 498A(b), the Department is required to:

- (1) provide to the institution an adequate opportunity to review and respond to any preliminary program review report¹ and relevant materials related to the report before any final program review report is issued;
- (2) review and take into consideration an institution's response in any final program review report or audit determination, and include in the report or determination –
 - a. A written statement addressing the institution's response;
 - b. A written statement of the basis for such report or determination; and
 - c. A copy of the institution's response.

The Department considers the institution's response to be the written narrative (to include e-mail communication). Any supporting documentation submitted with the institution's written response will not be attached to the FPRD. However, it will be retained and available for inspection by Washington Bible College upon request.

¹ A "preliminary" program review report is the program review report. The Department's final program review report is the Final Program Review Determination (FPRD).

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School Participation Division – Philadelphia

The Wanamaker Building

100 Penn Square East, Suite 511, Philadelphia, PA 19107